

CREDAI

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# THE YOUTH BAROMETER

A CBRE & CREDAI REPORT

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# WHO ARE MILLENNIALS

Millennials comprise one-fourth of the workforce in Asia Pacific and are a rapidly growing source of spending power. Their growing influence is already driving new trends in real estate markets across the region, making it essential for occupiers, retailers and developers to gain a thorough understanding of their behaviours, requirements and priorities.

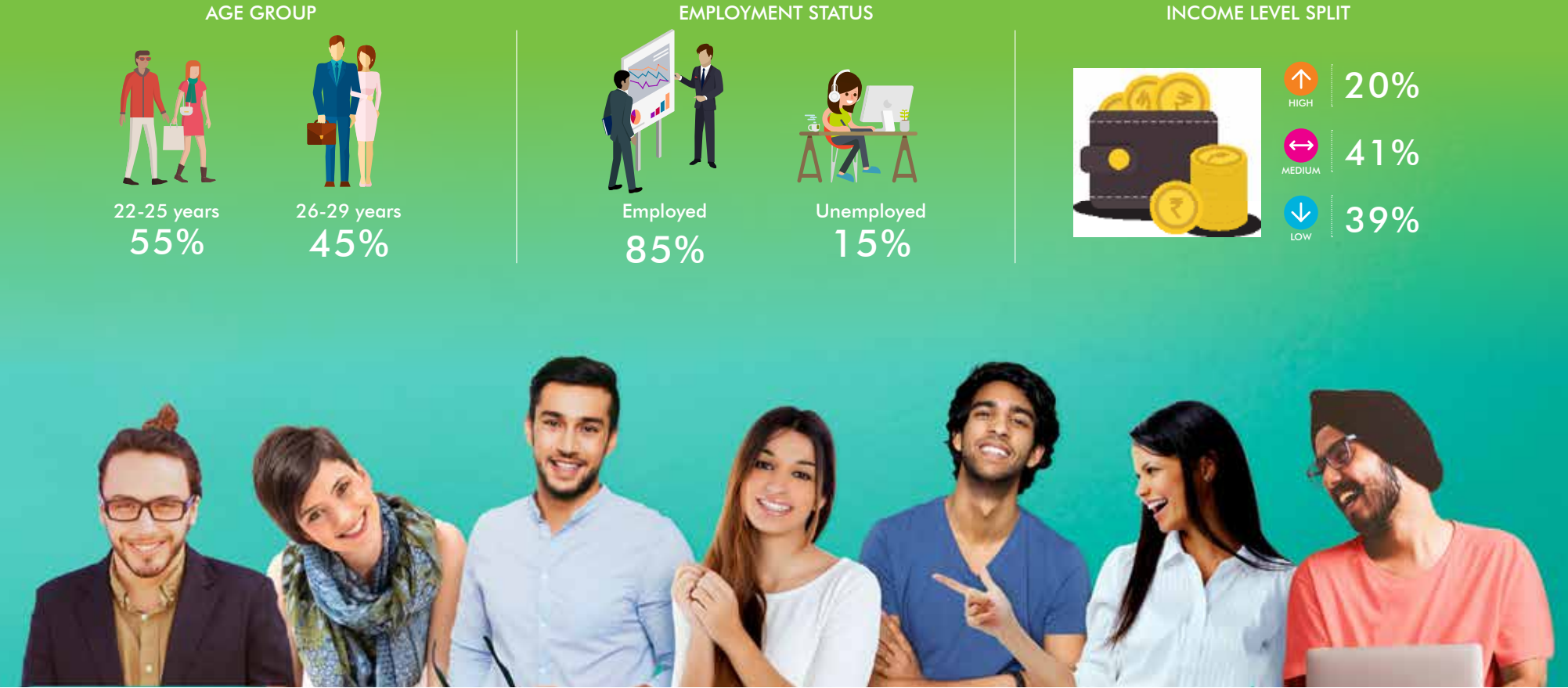
Millennials are oft perceived as preferring informal employment, changing jobs regularly and avoiding financial responsibility. However, CBRE Research has found these observations to be superficial. As with previous generations, most millennials save money to buy a home, spend prudently and aspire to carve out a stable career. Our understanding of millennials, therefore, should not be based upon perceptions or stereotypes.

# PROFILE OF APAC MILLENNIALS

There is great diversity among the millennial population in Asia Pacific, particularly between those raised in Asian culture, even in an international city such as Hong Kong, and the western culture prevalent in Australia. Millennials who grew up during the “lost decade” in Japan are considerably different from those who were raised during the recent economic booms in China and India. However, they still share some similar socio-economic characteristics. Most millennials are single, live with their parents in a household of 3-4 people, and are fully employed in a middle income job.



# MEET THE INDIAN MILLENNIALS

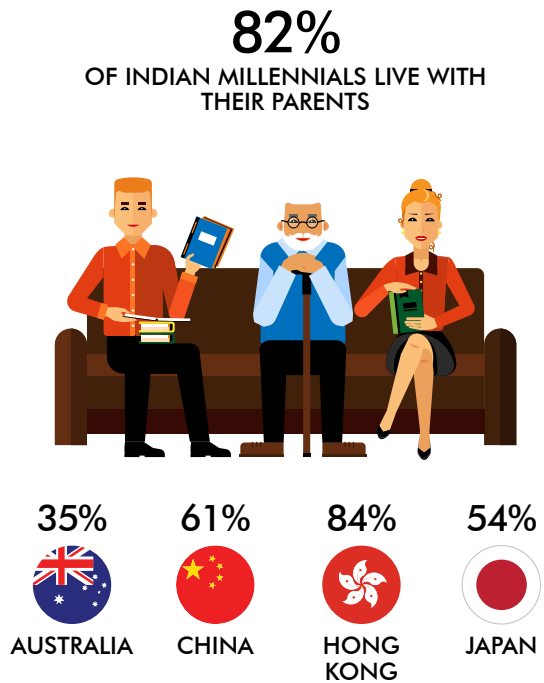


Millennials are the demographic cohort following Generation X. The term is generally accepted to refer those born during the 1980s and mid-1990s. The respondents to CBRE Research’s survey were aged 22-29.

# WHERE DO THEY LIVE?

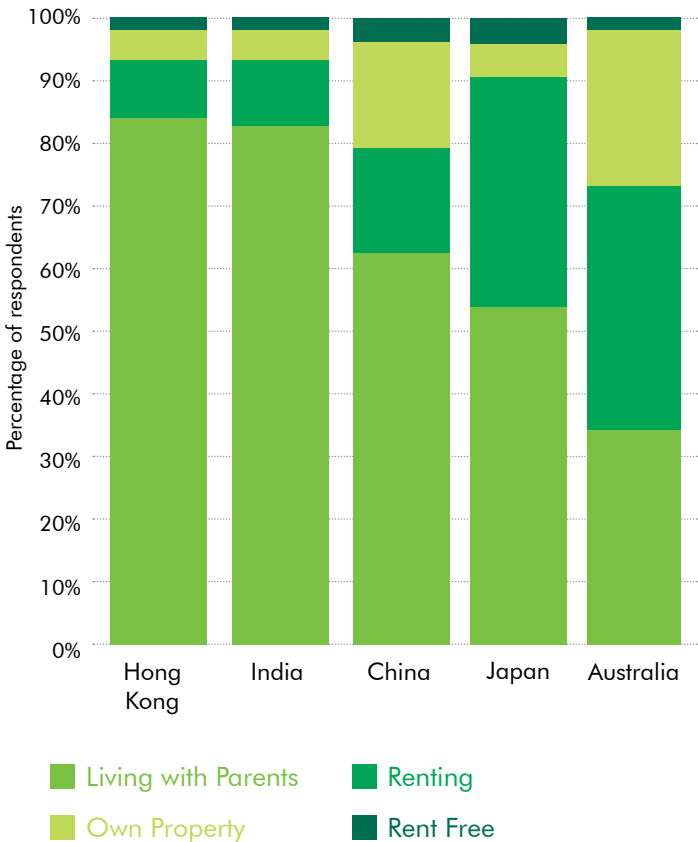
At a time in their lives when most young adults are striving for greater freedom and independence, around half of millennials globally still live in the family home. This phenomenon is even more prevalent in Asia Pacific, where almost two-thirds of the region’s young adults are still living with their parents. This is largely due to cultural practices in Asia, where parents usually house their sons and daughters until they get married. The high cost of residential property in many markets is also a factor. Hong Kong and India have the highest proportion of millennials still living at home, while Australia registered the lowest.

FIGURE 1: TO LEAVE OR NOT TO LEAVE THE NEST?



Source: CBRE Research, October 2016

FIGURE 2: APAC MILLENNIALS’ CURRENT LIVING STATUS



Source: CBRE Global Research, October 2016

# WHERE DO THEY PLAN TO LIVE?

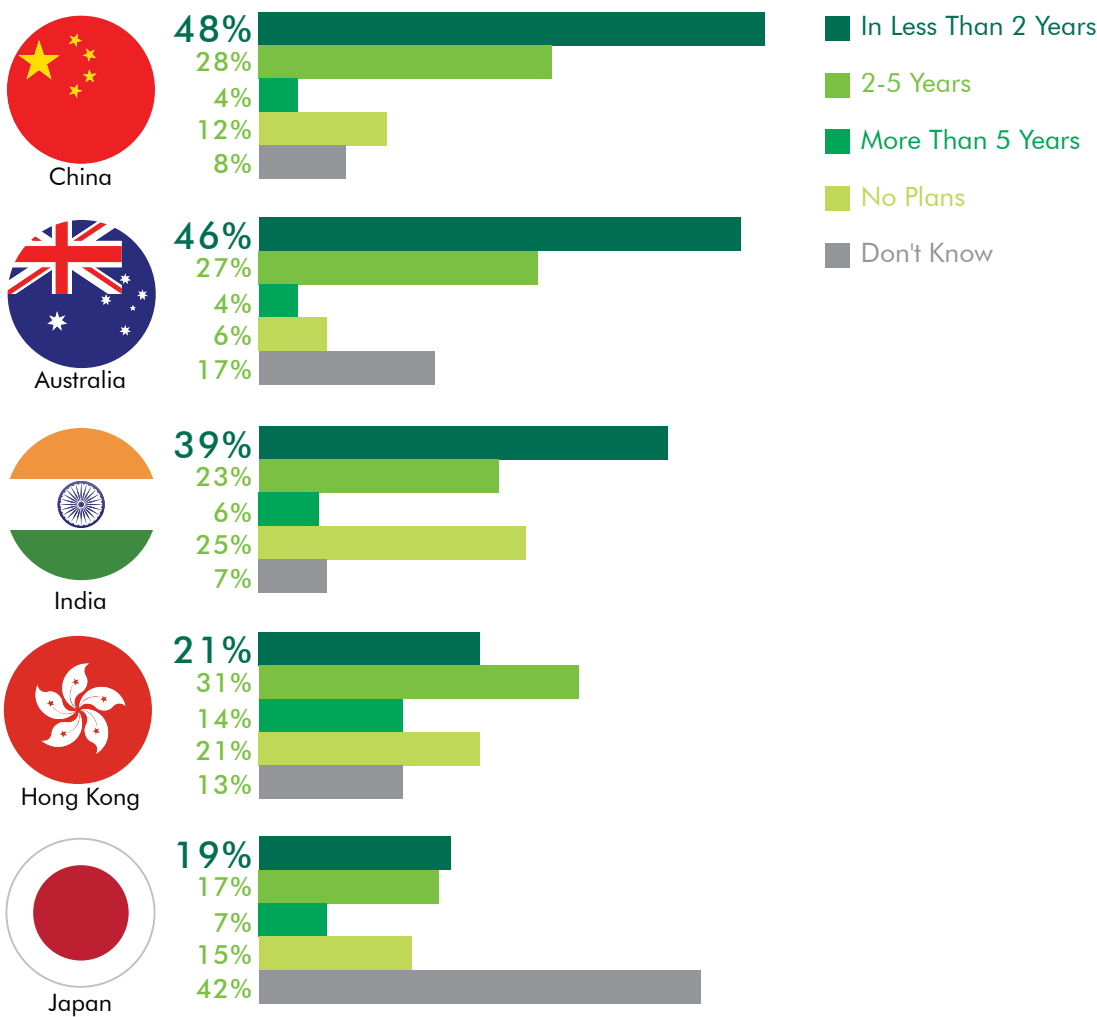
The survey found Asia Pacific millennials intend to remain in the family home for longer, with just 33% planning to move out within the next two years. 18% of respondents have no plans to move out at all. In Hong Kong, housing affordability is a key factor preventing millennials from leaving home, while in Japan, many millennials born in the “lost decade” following the collapse of the asset price bubble in 1991 remain reluctant to leave the nest.

FIGURE 3: INDIAN MILLENNIALS ARE THE “GENERATION RENT”



Source: CBRE Research, October 2016

FIGURE 4: MILLENNIALS’ HOME-LEAVING INTENTIONS

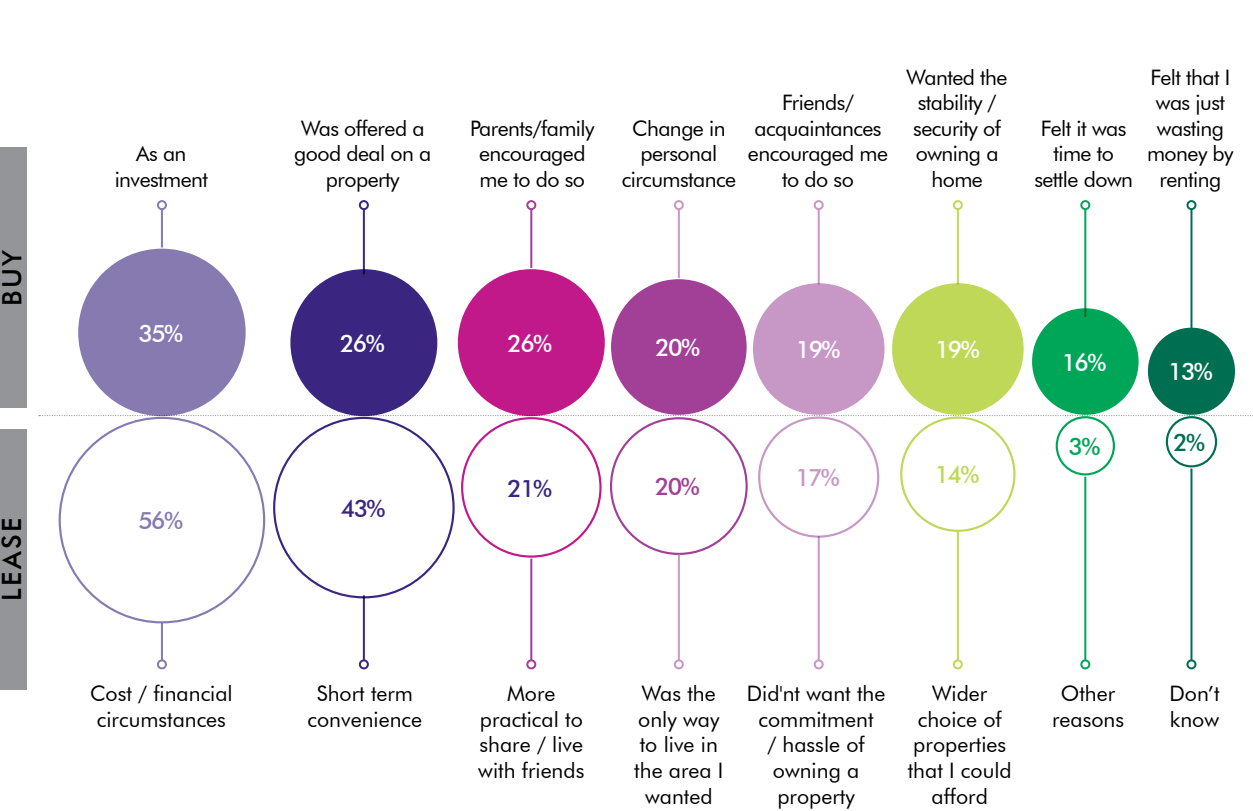


Source: CBRE Global Research, October 2016

# DO THEY BUY OR RENT?

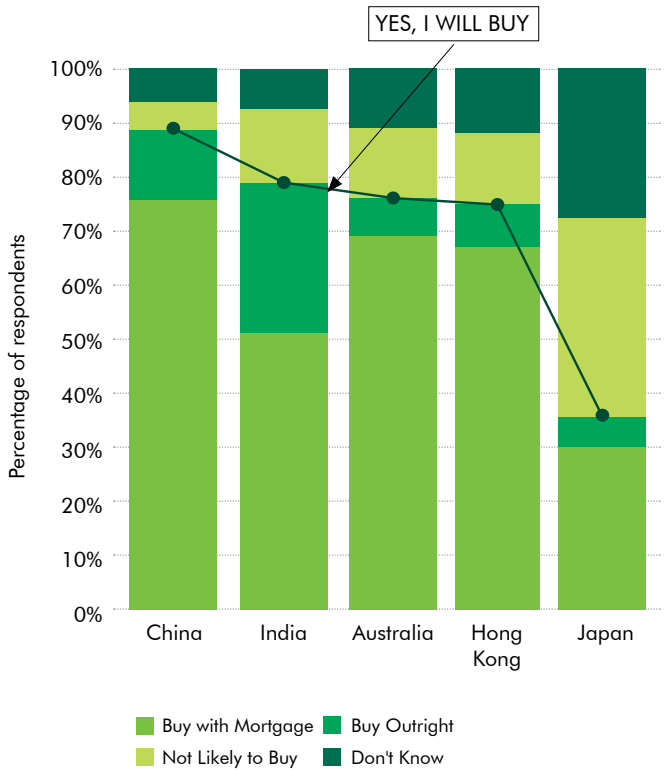
There is a common perception that millennials prefer to rent property because they are reluctant to take on the responsibility and commitment of home ownership. While two out of three Asia Pacific millennials living on their own are renting a property, the survey found that many in fact aspire to own their own home, with 65% of respondents planning to buy property in the future. Those who are still living at home and plan to move out in the future also retain a strong desire to buy their own property. For instance, in India, around one-third of respondents identified investment as the key driver for buying a property.

FIGURE 5: DO INDIAN MILLENNIALS BUY OR LEASE?



Source: CBRE Research, October 2016

FIGURE 6: APAC MILLENNIALS' INTENTIONS TO PURCHASE PROPERTY



Source: CBRE Global Research, October 2016

# LIVE – CONCLUSION

Millennials are happy to continue to LIVE in the family home until they have the financial means to live independently.

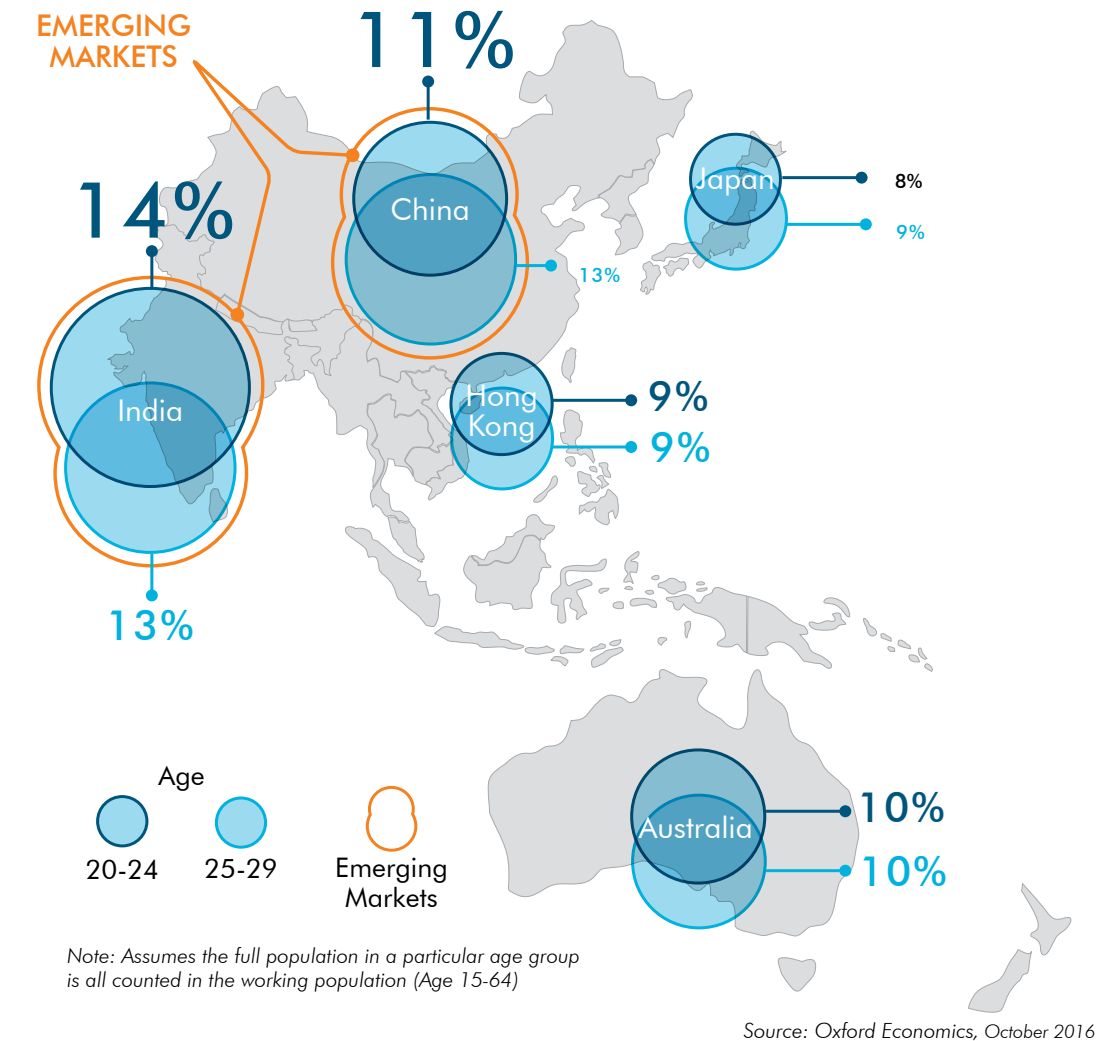
When they do leave home, most have to rent due to high property prices. Nevertheless, most would still like to buy a home, although they are not willing to compromise in terms of quality, size and location, and continue to place the highest importance on their quality of life. CBRE Research recommends developers and city administrators take heed of these trends by constructing more affordable housing for rent and sale. In response to the difficulty millennials encounter in accumulating capital for down payments, there needs to be innovation in structuring mortgages and home ownership schemes for young first-time homebuyers. Small, modern and practical units providing good amenities and accessibility would be ideal for millennials.



# WHERE DO THEY WORK?

Millennials’ presence in the workplace is steadily increasing. Millennials account for 25% of the working age population in the emerging economies of China and India, and 20% or less in the more advanced economies in Australia, Hong Kong and Japan, according to Oxford Economics. Due to the impending retirement of the baby boomer generation, the United Nations forecasts that millennials will account for 35% of the working population in Asia Pacific by 2020. As millennials move along the career path, they will become important decision makers in the business world.

FIGURE 7: APAC MILLENNIALS AS A % OF THE WORKING POPULATION BY SELECTED COUNTRY

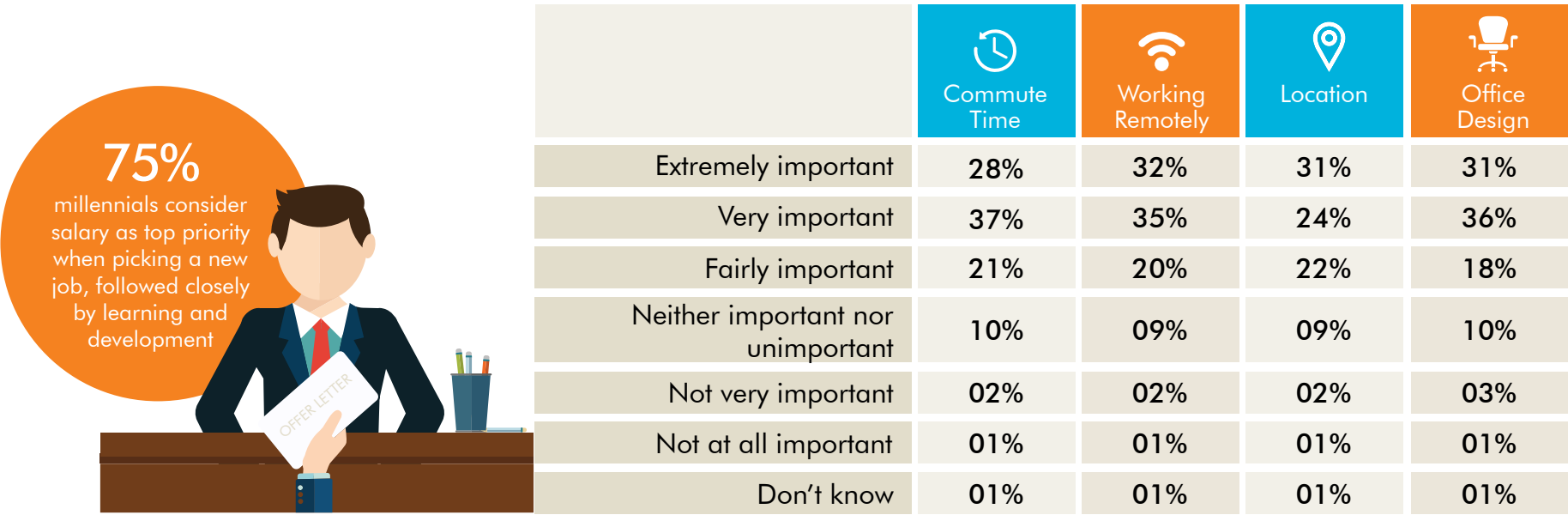


# HOW DOES THE YOUTH SELECT A NEW JOB?

There is a common perception that millennials have very little job loyalty and engage in job-hopping to a greater extent than other generations. However, the survey found that two-thirds of Asia Pacific millennials expect to work for the same or for a small number of companies throughout their career. Nevertheless, for millennials, this loyalty is based on the prerequisite that jobs provide them with inspiration, responsibility and career progression. Millennials also display a strong belief in regularly taking time off between jobs for travel or for personal development. Therefore, as many as 42% respondents do not intend to stay long in their current job.

Job stability is subject to the economic environment. In emerging markets such as India as well as cities with low unemployment like Hong Kong, the war for talent is providing millennials with more opportunities for job hopping. Employers must therefore examine ways in which to attract and retain young professionals, such as by providing an attractive workplace environment.

FIGURE 8: PREFERENCES OF INDIAN MILLENNIALS WHILE CONSIDERING A NEW JOB



Source: CBRE Research , October 2016

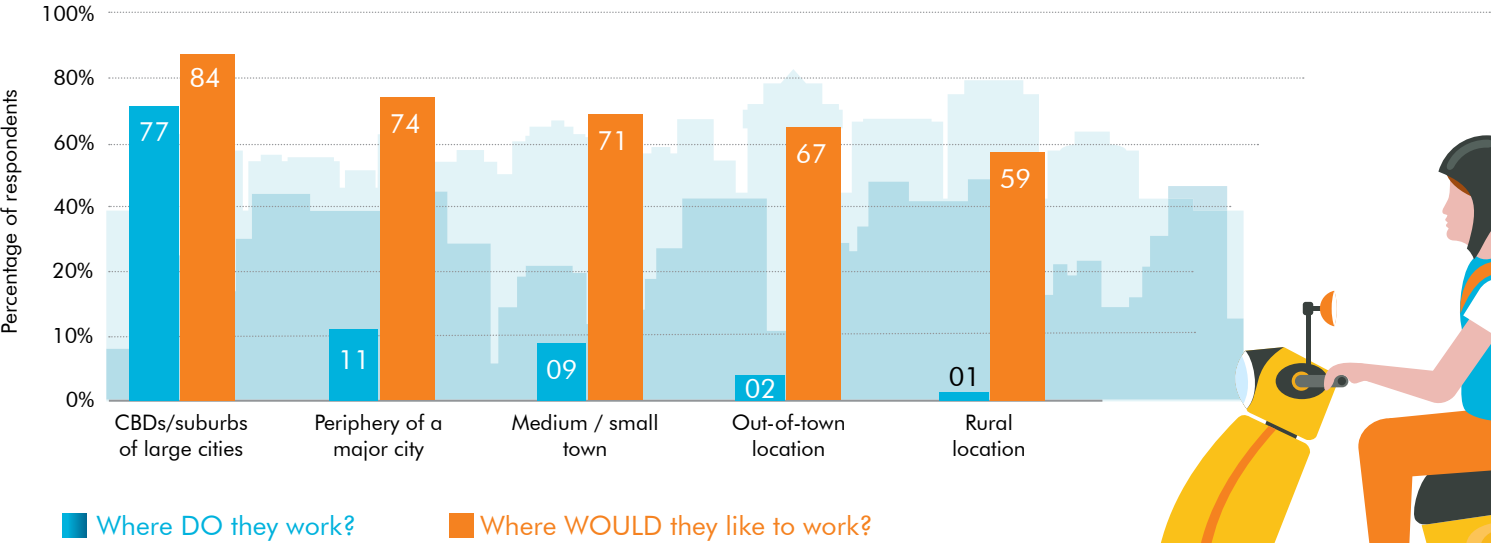
# OFFICE LOCATION AND DESIGN CAN BE A MAJOR DRAW

Salary and benefits remain the key factors for all generations when they consider a job. However, older workers care more about a company's brand name and reputation, while millennials are more focused on the job itself and what experience and benefits it can bring them.

Generation X and baby boomers place a far stronger emphasis on corporate identity such as a company's reputation, culture and business practices. Globally, and in Asia Pacific, millennials are more focused on working conditions and lifestyle factors. Commuting time, location, office design and flexible working are the critical factors millennials consider when deciding on a new job. Companies with offices that score highly in these categories will put themselves at an advantage in the war for young talent.

# OFFICE LOCATION & TRAVEL

FIGURE 9: INDIAN MILLENNIALS OFFICE LOCATION & TRAVEL



Source: CBRE Research, October 2016.

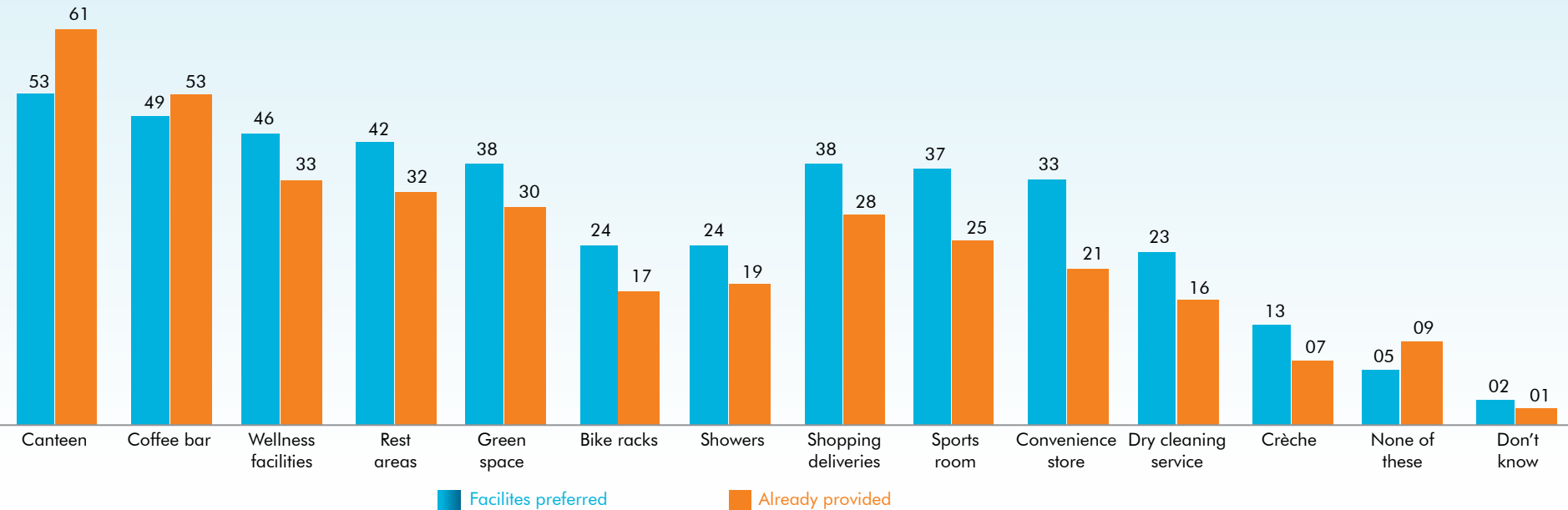


# COMPANIES SHOULD UTILISE THEIR OFFICES TO ATTRACT TALENT

The importance millennials place upon their office environment was reflected by a large majority of respondents who said they would be willing to make sacrifices such as moving to a less attractive location or travel further to work. This suggests that high quality offices in suburban locations can be viable options for companies seeking to attract millennial employees.

The survey findings also suggest that start-ups and other emerging companies can use their offices to attract talent, a strategy already widely employed by firms in the tech sector which have been very successful in leveraging on their office design and facilities to project a trendy and creative corporate image.

FIGURE 10: OFFICE FACILITIES AT CORPORATE SPACES (NEEDED TO ATTRACT THE INDIAN MILLENNIAL WORKFORCE)



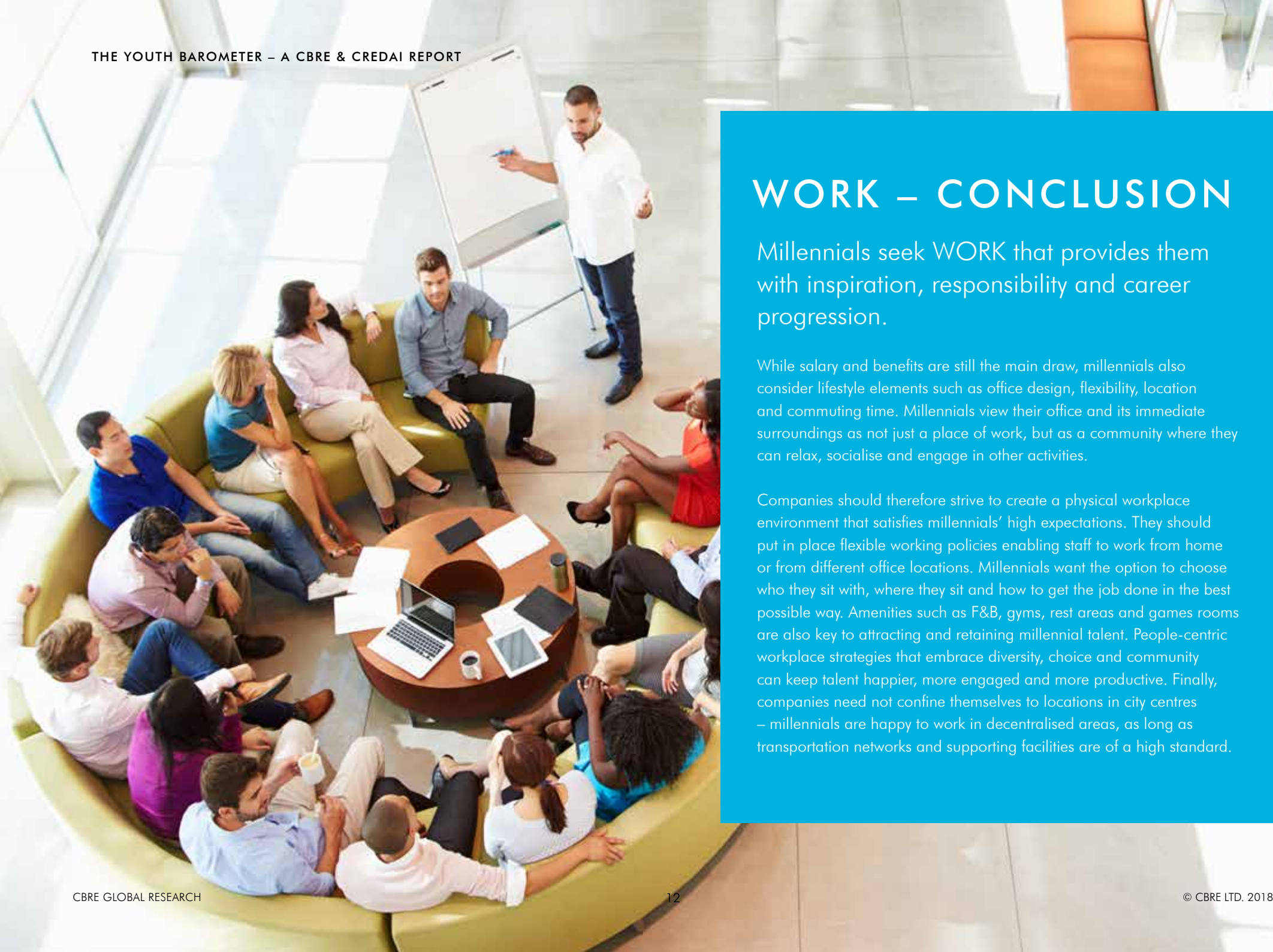
Source: CBRE Research, October 2016

## WORK – CONCLUSION

Millennials seek WORK that provides them with inspiration, responsibility and career progression.

While salary and benefits are still the main draw, millennials also consider lifestyle elements such as office design, flexibility, location and commuting time. Millennials view their office and its immediate surroundings as not just a place of work, but as a community where they can relax, socialise and engage in other activities.

Companies should therefore strive to create a physical workplace environment that satisfies millennials' high expectations. They should put in place flexible working policies enabling staff to work from home or from different office locations. Millennials want the option to choose who they sit with, where they sit and how to get the job done in the best possible way. Amenities such as F&B, gyms, rest areas and games rooms are also key to attracting and retaining millennial talent. People-centric workplace strategies that embrace diversity, choice and community can keep talent happier, more engaged and more productive. Finally, companies need not confine themselves to locations in city centres – millennials are happy to work in decentralised areas, as long as transportation networks and supporting facilities are of a high standard.



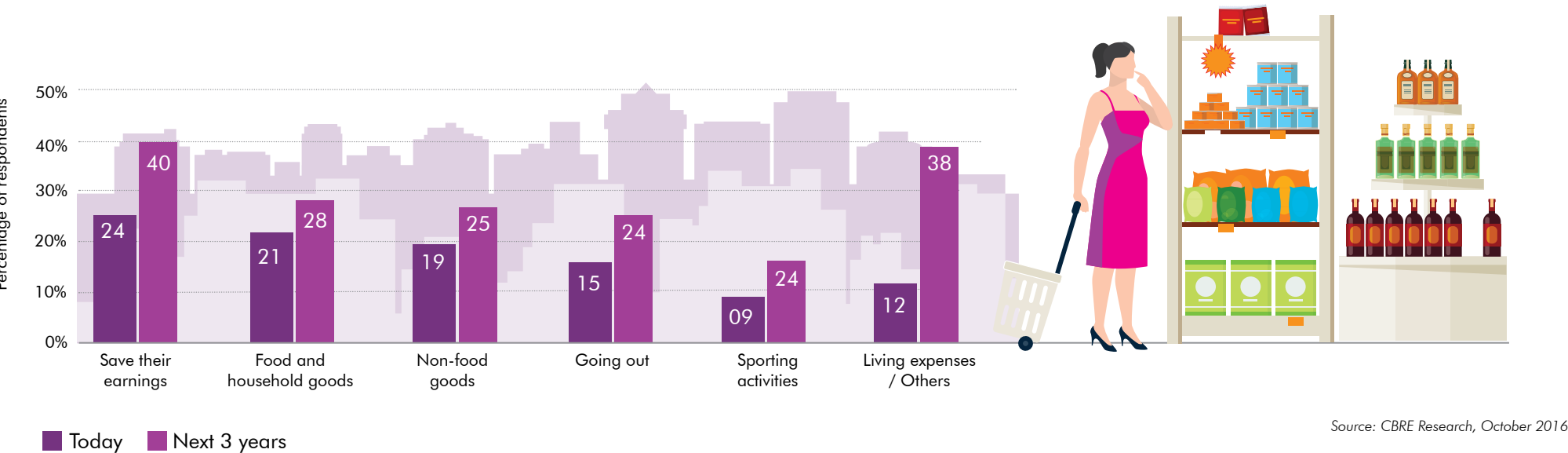


# HOW DO THEY SPEND & SAVE?

Compared to their global counterparts, Asia Pacific millennials spend less on basic living expenses such as accommodation, transportation and utilities. This enables them to save 18% of their income, compared to 11% in Europe and North America. At the same time, they spend more on leisure activities such as eating out, sports and non-food shopping, compared to respondents in other regions. This is due to the more affordable living costs in Asia. Chinese millennials have the lowest basic living expenses at 28.3% of their overall income, with the cost of living in Beijing and Shanghai half that in New York.

Spending patterns varied across different markets. Chinese (14%) and Indians (12%) spent a greater proportion of their incomes on non-food shopping, while respondents in Hong Kong and Japan opted to spend more on going out. Expenditure on sports activities was the same for all markets, at around 4% of respondents’ income. However, higher income groups spent more on sports and associated events, a trend which is driving the expansion of athleisure and sportswear brands across the region.

FIGURE 11: THE MILLENNIAL CATCHMENT: SPENDERS AND SAVERS (Are Indian millennials big spenders or do they also save for a rainy day?)

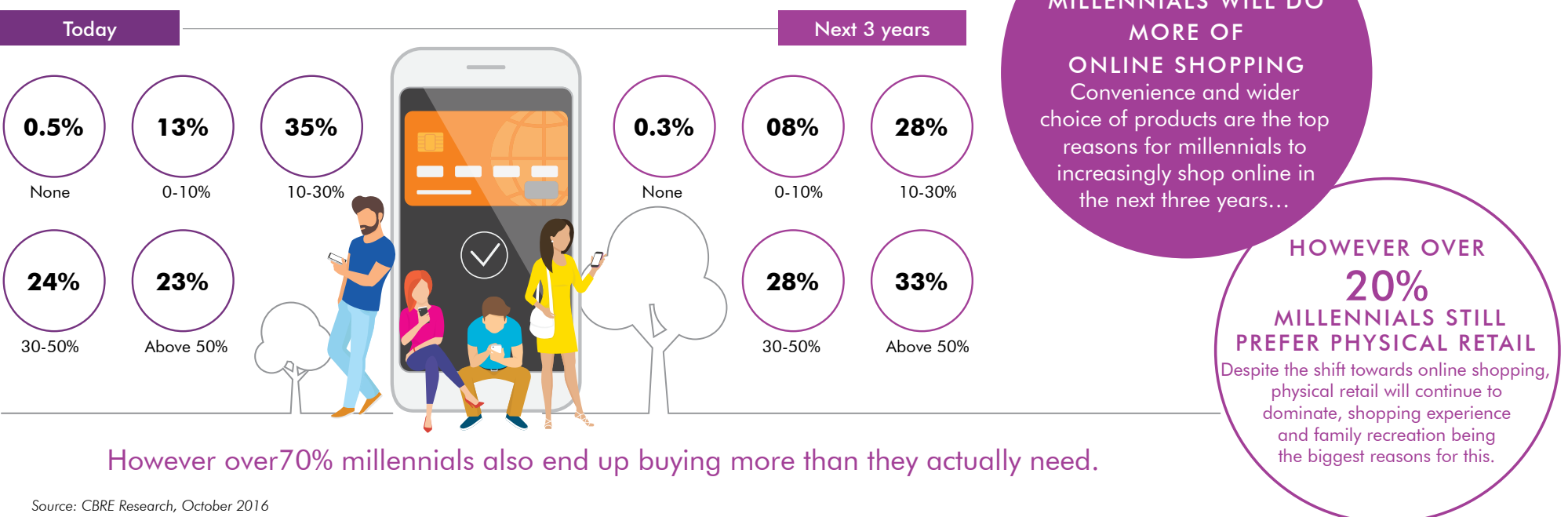


# ONLINE CRAZE: MILLENNIAL TO BE THE TARGET

While millennials selected online shopping as their most frequent method of purchasing goods, however, the convenience afforded by e-commerce does not preclude millennials from shopping at bricks-and-mortar venues. The survey results point to the need for retailers to adopt an omni-channel strategy. E-commerce accounts for just a quarter of millennials’ non-food purchases, with millennials demonstrating a strong preference for being able to experience goods first hand and collect their purchases in physical stores. Millennials also visit shopping centres for purposes other than buying products, such as to partake in dining, banking and exhibitions.

CBRE Research believes that a successful shopping centre should provide an environment for visitors to socialise and relax. CBRE Research advises shopping centre landlords to carefully manage their tenant mix to attract millennials while also ensuring they still cater to other generations.

FIGURE 12: INDIAN MILLENNIALS- THE ADOPTION OF THE ONLINE ROUTE FOR NON-FOOD SHOPPING IS EXPECTED TO INCREASE IN THE COMING 3 YEARS

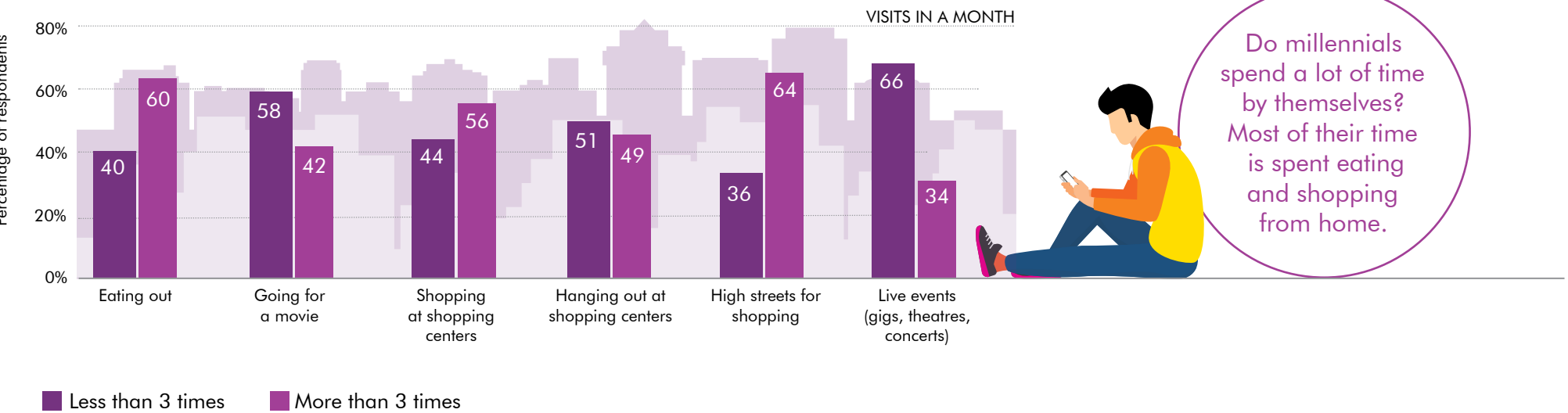


# EATING OUT AND LIVE ENTERTAINMENT ARE KEY

Going to the cinema remains popular among young adults, with two-thirds of respondents globally doing so on a monthly basis. Indians are the biggest fans of going to the cinema, with 90% of respondents doing so at least once a month.

The higher cost of live events such as the theatre and concerts means millennials go to such events less frequently, at around 1.5 days per month. Indian (3.2 days) and Chinese (1.5 days) millennials attend such events most regularly.

FIGURE 13: HOW DO INDIAN MILLENNIALS SPEND THEIR 'FREE TIME'?



Source: CBRE Research, October 2016

## PLAY – CONCLUSION

When they PLAY, millennials like to spend their time and money on experiences such as travel, entertainment and dining.

As digital natives, they do like to shop online, but only physical retail, particularly shopping centres, can provide them with the experiences and social elements they require. However, slower economic growth and a desire to save money to purchase a home will inhibit future spending.

CBRE Research advises retailers to increase the experience-based element of their offering and focus on providing an environment for visitors to socialise and relax. In addition to increasing F&B, cinema and entertainment elements in their shopping malls, retail landlords should consider organising more live events to attract millennials.



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This report was prepared by the CBRE Asia Pacific Research Team, which forms part of CBRE Research—a network of preeminent researchers who collaborate to provide real estate market research and econometric forecasting to real estate investors and occupiers around the globe.

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